

Subpart 1245.5—Management of Government Property in the Possession of Contractors

1245.505 Records and reports of Government property.

1245.505-14 Reports of Government property.

When Government property is furnished to or acquired by the contractor to perform the contract, the contract shall require the contractor to submit annual reports (see (FAR) 48 CFR 45.505-14) to the contracting officer not later than September 15 of each year. The contractor's report shall be submitted on Form DOT F 4220.43, Contractor Report of Government Property.

1245.505-70 Solicitation provisions and contract clauses.

Contracting officers shall insert the clause at (TAR) 48 CFR 1252.245-70 in solicitations and contracts when the contract will require Government provided or contractor acquired property.

1245.508-2 Reporting results of inventories.

The inventory report shall also include the following:

- (a) Name and title of the individual(s) that performed the physical inventory;
- (b) An itemized, categorized listing of all property capitalized:
 - (1) Land and rights therein;
 - (2) Other real property;
 - (3) Plant equipment;
 - (4) Special test equipment; and
 - (5) Special tooling;
- (c) An itemized listing of the property lost, damaged, destroyed, or stolen, the circumstances surrounding each incident, and the resolution of the incident; and
- (d) Any discrepancies between the physical inventory and the contractor's record of Government property.

1245.508-3 Quantitative and monetary control.

Contracting officers shall require the contractor to provide the quantity and unit cost of each item of Government property reported under (TAR) 48 CFR 1245.508-2(b) and (c).

1245.511 Audit of property control system.

(a) The property administrator (or other Government official authorized by the contracting officer) shall audit the contractor's property control system whenever there are indications that the contractor's property control system may be deficient. Examples of deficiencies are:

- (1) Failure of the contractor to acknowledge receipt of GFP;
- (2) Failure of the contractor to submit the annual property reports required by (TAR) 48 CFR 1245.505-14;
- (3) Failure of the contractor to reconcile its physical inventory with its property control record; or
- (4) Failure of the contractor to submit a Government property listing when requested by the property administrator.

(b) When it is determined that the contractor's property control system is deficient, the property administrator, in coordination with the contracting officer, shall discuss the deficiencies with the contractor. If the contractor does not take action to correct the deficiencies, the contracting officer shall provide the contractor with a written notice of the deficiencies and the date all deficiencies must be corrected.

PART 1246—QUALITY ASSURANCE

Subpart 1246.7—Warranties

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AUTHORITY: 5 U.S.C. 301; 41 U.S.C. 418(b); 48 CFR 3.1.

SOURCE: 59 FR 40286, Aug. 8, 1994, unless otherwise noted.

Subpart 1246.7—Warranties**1246.701 Definitions.****1246.701-70 Additional definitions.**

At no additional cost to the Government means at no increase in price for firm-fixed-price contracts, at no increase in target or ceiling price for fixed price incentive contracts (see (FAR) 48 CFR 46.707), or at no increase in estimated cost or fee for cost-reimbursement contracts.

Defect means any condition or characteristic in any supplies or services furnished by the contractor under the contract that is not in compliance with the requirements of the contract.

Design and manufacturing requirements means structural and engineering plans and manufacturing particulars, including precise measurements, tolerances, materials and finished product tests for the major system being produced.

Major system means a system or major subsystem used directly by DOT to carry out its mission(s), as defined by TAM Chapter 1234, Major Acquisition Policies and Procedures (for dollar threshold applicable to U.S. Coast Guard, See Coast Guard guidance at (TAR) 48 CFR 1246.701-90). The term does not include:

(a) Related support equipment, such as ground-handling equipment, training devices and accessories thereto, unless a cost effective warranty for the system would require inclusion of such items; or

(b) Commercial items sold in substantial quantities to the general public as described in (FAR) 48 CFR 15.804-3(c).

Performance requirements means the operating capabilities, maintenance, and reliability characteristics of a system that are determined to be necessary for it to fulfill the requirement for which the system is designed.

1246.701-90 Additional USCG definitions. (USCG)

For the USCG, in accordance with Public Law 99-190, the dollar threshold as it pertains to the inclusion of a warranty in major systems acquisitions is \$10 million.

1246.703 Criteria for use of warranties.

(a) *Major systems.* The use of warranties in the procurement of major systems by the USCG is mandatory, unless waived (see USCG guidance at (TAR) 48 CFR 1246.792). Other OAs may use the procedures in USCG guidance in this part as a guideline for major systems acquisitions.

(b) *Other systems.* (1) Acquisition of warranties in the procurement of supplies that do not meet the definition of a major system (e.g., spare, repair, or replenishment parts) is governed by (FAR) 48 CFR 46.703.

(2) Contracting officers should negotiate a warranty that meets or exceeds the requirements of (TAR) 48 CFR 1246.706 when it is advantageous.

1246.705 Limitations.

(a) The following restrictions are applicable to DOT contracts:

(1) The USCG is the only DOT OA which is required to include a warranty in cost reimbursement contracts for the production of major systems acquisitions.

(2) Any warranty on major system acquisitions shall not apply in the case of any system or component thereof which has been furnished by the Government to a contractor except as indicated in the USCG guidance at (TAR) 48 CFR 1246.790-3.

(3) Any warranty obtained shall specifically exclude coverage of combat damage.

1246.706 Warranty terms and conditions.

(a) The contracting officer, in developing the warranty terms and conditions, shall consider the following, and, where appropriate and cost beneficial, shall:

(1) Identify the affected line item(s) and the applicable specification(s);

(2) Require that the line item's design and manufacture will conform to: (i) an identified revision of a top-level drawing; and/or (ii) an identified specification or revision thereof;

(3) Require that the system conform to the specified Government performance requirements;

(4) Require that all systems and components delivered under the contract